

FISCAL NOTE
SB 345 - HB 1195

March 16, 2001

SUMMARY OF BILL:

- Requires the Local Education Insurance Committee to provide a 30-day open enrollment period for the local education insurance plan during the first quarter of the 2001-2002 fiscal year.
- Limits the open enrollment to teachers.

Under present law, all new employees of a local education agency that participate in the state sponsored Local Education Plan may elect coverage within 30 days of employment. Similarly, when a local education agency elects to switch to the Plan for coverage, all eligible employees may elect coverage during the transition regardless of their status within the existing LEA plan. The plan also permits employees to elect coverage if they experience certain life changing events related to insurance coverage.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$1,000,000

Increase Local Govt. Expenditures - Exceeds \$450,000

Estimate assumes, based on information provided by the Division of Insurance Administration in the Department of Finance and Administration:

- participation in local education health plans would increase by approximately 5%.
- the cost to cover the additional enrollees would increase plan expenditures by approximately 0.75% for all plan participants [due to increased risks associated with new enrollees [$\$146,000,000 \times 0.75\% = \$1,095,000$].
- because plan premiums determine the insurance factor contained in the funding formula for the Basic Education Program, premium increases yield increases in state and local education agency spending.

For informational purposes:

- *For FY 2001-02, the Basic Education Plan formula includes approximately \$146 million in state funding for insurance premium support for local education plans.*
- *Approximately 77.2% of eligible teachers are enrolled in the plan for local education agencies that participate in the state sponsored plan.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

SB 345 - HB 1195